DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 9 7 — 0 0 4

2. STATE: Louisiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
March 21, 1997

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
P.L. 102-234
P.L. 103-66

7. FEDERAL BUDGET IMPACT:
a. FFY 1996-97 $ -0-
b. FFY 1997-98 $ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, Item 4.b., pp. 10d-~~10j~~ 10k*

Replaced per State's Letter of 2/20/01 - See Attached List

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19-A, Item 4.b. pages as follows:
10d (TN 94-22)
10e (TN 94-12)
10f (TN 94-22)
10g, 10h, 10i(1)-10i(5) (TN 94-07)
10i(6) (TN 95-29)
10i(7)-10i(9) (TN 94-22)
10i(10)-10i(20) (TN 95-30)
10j ~~XXXXXXXXXX~~ (TN 94-33)*
10k, 10k(1)-10k(4) (TN 94-33)

Replaced per State's Letter of 2/20/01

10. SUBJECT OF AMENDMENT:
The purpose of this amendment is to change reimbursement methodology for disproportionate share payments.

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Bobby P. Jindal

14. TITLE:
Secretary

15. DATE SUBMITTED:
March 26, 1997*

16. RETURN TO:

State of Louisiana
Department of Health and Hospitals
1201 Capitol Access Road
P.O. Box 91030
Baton Rouge, Louisiana 70821-9030

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: March 28, 1997

18. DATE APPROVED: APRIL 12, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
MARCH 21, 1997

20. SIGNATURE OF REGIONAL OFFICIAL:
Calvin G. Cline

21. TYPED NAME: ~~Steve McAdoo~~
CALVIN G. CLINE

22. TITLE: Associate Regional Administrator
Division of Medicaid

23. REMARKS: *Pen and Ink Changes Per State's Letter of April 25, 1997

**Per State's Letter dated 2/20/01 - Revised State Plan Pages Submitted to Replace Original Plan Pages Submitted.

ATTACHMENT TO TRANSMITTAL NUMBER: LA-97-04

Block 8	Block 9
10d	same (TN 94-22)
10e	same (TN 94-12)
10f	same (TN 95-30)
10g	same (TN 95-30)
10h	same (TN 95-30)
10i	same (TN 95-30)
none	10i(1) (TN 95-30)
none	10 i(2) (TN 95-30)
none	10i(3) (TN 95-30)
none	10i(4) (TN 95-30)
none	10i(5) (TN 95-30)
none	10i(6) (TN 95-30)
none	10i(7) TN 95-30)
10j	same (TN 95-29)
10j(1)	new
10k	same (TN 94-33)
10k(1)	same (TN 94-11)
10k(2)	same (TN 94-11)
none	10k(3) (TN 94-11)
none	10k(4) (TN 94-11)
none	10k(5) (TN 94-11)

STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - INPATIENT HOSPITAL CARE

CITATION
42 CFR 447.253
OBRA-90
P.L. 101-508 §
4702-4703
P.L.102-234
OBRA-93
P.L. 103-66

Medical and Remedial Care and Services
Item 1.D.1(cont'd.)

e. In addition to the qualification criteria outlined in Item I.D.1.a.-d. above, effective July 1, 1994, the qualifying disproportionate share hospital must also have a Medicaid inpatient utilization rate of at least one percent (1%).

2. General Provisions for Disproportionate Share Payments

a. Disproportionate share payments cumulative for all DSH payments under all DSH payment methodologies shall not exceed the federal disproportionate share state allotment for each federal fiscal year or the state appropriation for disproportionate share payments for each state fiscal year. The Department shall make necessary downward adjustments to hospitals' disproportionate share payments to remain within the federal disproportionate share allotment or the state disproportionate share appropriated amount.

The state will allocate the reduction between state and non-state hospitals based on the pro rata share of the amount appropriated for state hospitals and non-state hospitals multiplied by the amount of disproportionate share payments that exceed the federal disproportionate share allotment.

The reduction will be allocated between the non-state hospital groups based on the pro rata share of each group's payments divided by the sum of payments for all groups.

Methodologies for hospitals within groups are found as follows:

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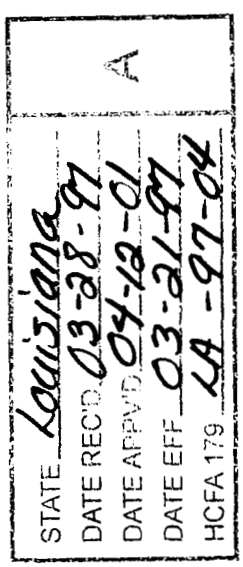
Item I.D.3.a(3) for public state-operated hospitals

Item I.D.3.b(4) for small public local government hospitals and small private rural hospitals

Item I.D.3.c.(6) for all other hospitals

b. Appropriate action shall be taken to recover any overpayments resulting from the use of erroneous data, or if it is determined upon audit that a hospital did not qualify.

c. DSH payments to a hospital determined under any of the methodologies below shall not exceed the hospital's net uncompensated cost as defined in Item I.D.2.g. for the state fiscal year to which the payment is applicable.



d. Qualification is based on the hospital's latest year end cost report for the year ended during the period July 1 through June 30 of the previous state fiscal year.

Example: A hospital has a fiscal year ending September 30, 1995. The disproportionate share payment made after October 1, 1995, would be based on the September 30, 1994 cost report. Effective October 1, 1996, payment would be made on the hospital's September 30, 1995 cost report.

Hospitals are notified by letter at least 60 days in advance of calculation of the DSH payment to submit documentation required to establish DSH qualification. Required documents are: 1) obstetrical qualification criteria form; 2) low income utilization revenue calculation (if applicable); 3) Medicaid cost report; and 4) uncompensated cost calculation. Only hospitals which have submitted the qualification documentation by the deadline stated in the notification letter will be considered for disproportionate share payments. For hospitals with distinct part psychiatric units, qualification is based on the entire hospital's utilization.

e. Hospitals/units which close or withdraw from the Medicaid Program shall become ineligible for further DSH pool payments for the remainder of the current DSH pool payment cycle and thereafter.

f. Net Uncompensated Cost - cost of furnishing inpatient and outpatient hospital services net of Medicare costs. Medicaid payments (excluding disproportionate share payments), costs associated with patients who have insurance for services provided, private payor payments, and all other inpatient and outpatient payments received from patients. For example: The hospital's actual cost for delivering a baby for a specific patient stay is $3,000. The patient's insurance covers the service, but only pays $1,000. For this particular patient, the entire $3,000 must be included in the costs associated with patients who have insurance for services provided. It is mandatory that qualifying hospitals seek all third party payments including Medicare, Medicaid, and other third party carriers.

g. Definitions applicable to all hospital groups

1) Urban hospital -a hospital located in a Metropolitan Statistical Area as defined per the 1990 census. This excludes any reclassification under Medicare.

2) Rural hospital - a hospital that is not located in a Metropolitan Statistical Area as defined per the 1990 census. This excludes any reclassification for Medicare.

3) Small hospital - a hospital having 60 or less licensed beds as of July 1 of the state fiscal year to which the payment is applicable. The number of beds includes distinct part psychiatric beds, and excludes nursery and skilled nursing beds.

4) Distinct Part Psychiatric Units - distinct part psychiatric psychiatric units of acute care, long term care, or rehabilitations general hospitals which meet Medicare criteria for PPS exempt units and are enrolled under a separate Medicaid provider number.

5) Freestanding Psychiatric Hospital - a psychiatric hospital which is not part of another hospital and is enrolled as a Medicaid psychiatric hospital.

h. Recoupment of overpayment shall be redistributed to the hospital with the largest number of inpatient days attributable to individuals entitled to benefits under the State Plan of any hospitals in the State for the federal fiscal year in which the recoupment is applicable until the total DSH amount paid that hospital equals 100% of the hospital's net uncompensated cost.

To determine the hospital that has the largest number of Medicaid inpatient days, the fiscal year end cost report that established the DSH payment for the year in which the recoupment is applicable will be used. The redistribution shall occur after audit and/or desk review of reported days. For purposes of the DSH allotment the redistributed amount shall apply to the original payment year in which the recoupment pertains.

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3. Reimbursement Methodologies

a. Public State-operated Hospitals

1) Public State-operated Hospital is defined as a hospital that is owned or operated by the State of Louisiana.

2) DSH payments to public state-operated hospitals are retrospective. Partial interim payments based on data from the latest filed cost reports as of June 30th of each year for public state-operated DSH hospitals utilizing the payment methodology contained herein (Item 1.D.3.a.) will be made according to the following chart:

Cost Reports Rec'd as of	Date Payment Amounts Determined	Payment Period
June 30, 1997	October 1997	10/1/97 - 9/30/98
June 30, 1998	October 1998	10/1/98 - 9/30/99

DSH payments to individual public state owned or operated hospitals are equal to one hundred (100%) of the hospital's net uncompensated costs subject to the adjustment provision in 3). below. Final payment will be based on the uncompensated cost data per the audited cost report for the period(s) covering the state fiscal year.

3) In the event it is necessary to reduce the amount of disproportionate share payments to remain within the federal disproportionate share allotment each year or the state DSH appropriated amount, the Department shall calculate a pro rata decrease for each public state-operated hospital based on the ratio determined by dividing that hospital's uncompensated cost by the

total uncompensated cost for all qualifying public state-operated hospitals during the state fiscal year and then multiplying by the amount of disproportionate share payments calculated in excess of the federal disproportionate allotment or state DSH appropriated amount.

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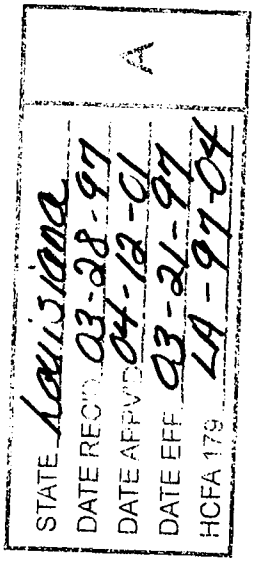
b. Small Public Local Government Hospitals and Small Private Rural Hospitals

1) Criteria for hospitals to be included in this group are as follows:

Qualifying hospitals must be 1) small and 2) either a public local government hospital or a private rural hospital as defined below. Hospitals/beds located outside the service district area or parish where the hospital is domiciled may not be included in this pool, but will be included in all the other hospitals pools. Beds located outside the service district area/parish will be used by DHH to determine qualification, but costs associated with these beds will not be used to determine reimbursement. Freestanding psychiatric hospitals are not included.



2) Definitions

Public Local Government Hospitals - local government-owned acute care general, rehabilitation, and long term care hospitals including distinct part psychiatric units are qualified for this designation. Only uncompensated costs attributable to beds/units located within the service district area qualify for inclusion.

Private Rural Hospitals - privately owned acute care general, rehabilitation and long term care hospitals designated as rural hospitals by Medicare, including distinct part psychiatric units are qualified for this designation. Only uncompensated cost attributable to beds/units located within the parish where the hospital is domiciled qualify for inclusion.

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3) DSH payments to small public local government hospitals and small private rural hospitals are prospective, and paid once per year for the federal fiscal year. Payment is equal to each qualifying hospital's pro rata share of uncompensated cost for the previous state fiscal year for all hospitals meeting these criteria multiplied by the state appropriation for disproportionate share payments allocated for this group of hospitals.

4) A pro rata decrease necessitated by conditions specified in I.D.2.a. above for non-state hospitals described in this section will be calculated based on the ratio determined by dividing the hospitals' uncompensated costs by the uncompensated costs for all qualifying non-state hospitals in this section, then multiplying by the amount of disproportionate share payments calculated in excess of the federal DSH allotment or the state DSH apportioned amount.

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c. All Other Hospitals (Private Rural Hospitals Over 60 Beds, All Private Urban Hospitals, Public Non-State Hospitals Over 60 Beds, and All Free-Standing Psychiatric Hospitals exclusive of State Hospitals)

1) Criteria for hospitals to be included in this group are as follows:

a) Private rural hospitals over 60 beds - privately owned acute care general, rehabilitation, and long term care hospitals including distinct part psychiatric units having more than 60 beds that are not located in a Metropolitan Statistical Area as defined per the 1990 census. This excludes any reclassification for Medicare.

b) All private urban hospitals - privately owned acute care general, rehabilitation, and long term care hospitals including distinct part psychiatric units that are located in a metropolitan Statistical Area as defined per the 1990 census. This excludes any reclassification under Medicare.

c) Public non-state hospitals over 60 beds - local government-owned acute care general, rehabilitation, and long-term care hospitals including distinct part psychiatric units having more than 60 beds.

d) All free-standing psychiatric hospitals exclusive of state hospitals - privately owned and local government owned psychiatric hospitals of any size.

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2) Annualization of days for the purposes of the Medicaid days pools is not permitted. Payment is based on actual paid Medicaid inpatient days for a six month period ending on the last day of the latest month at least 30 days preceding the date of payment which will be obtained by DHH from a report of paid Medicaid days by service date.

3) Payment is based on Medicaid days provided by hospitals in the following two pools:

a) Acute Care Hospital - acute care, rehabilitation, and long term care hospitals not described in I.D.3.a. and I.D.3.b. above (excluding distinct part psychiatric units) are qualified for this designation. Acute care, rehabilitation, and long term care hospitals/beds of small non-state operated local government hospitals (defined in I.D.3.b. above) located outside the service district area are included in this pool. Acute care, rehabilitation, and long term care hospitals beds of small private rural hospitals (defined in I.D.3.b. above) located outside the rural area are included in this pool.

b) Psychiatric Hospital - Freestanding psychiatric hospitals and distinct part psychiatric units not included in I.D.3.a. and I.D.3.b. above are qualified for this designation. Psychiatric hospitals/beds of small non-state operated local government hospitals (defined in I.D.3.b. above) located outside the service district area are included in this pool. Psychiatric hospitals/beds of small private rural hospitals (defined in I.D.3.b. above) located outside the rural area are included in this pool.

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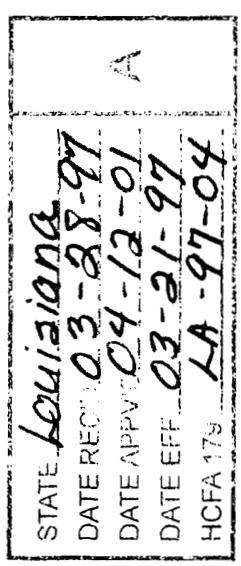
4) Disproportionate share payments for each pool shall be calculated based on the product of the ratio of each qualifying hospital's experience to the experience of all hospitals in the pool as determined by the report described in I.D.3.c.2). above and multiplying by an amount of funds for each respective pool to be determined by the director of the Bureau of Health Services Financing. Total Medicaid inpatient days include Medicaid nursery days but do not include skilled nursing facility or swing-bed days. Pool amounts shall be allocated based on the consideration of the volume of days in each pool or the average cost per day for hospitals in each pool.

5) DSH payments shall be made prospectively once per year for the federal fiscal year. No additional payments shall be made if an increase in days is determined after audit.



Cost Reports Rec'd as of	Date Payment Amounts Determined	Payment Period
June 30, 1997	May 1998	10 1 97 - 9/30/98
June 30, 1998	May 1999	10 1 98 - 9/30/99

6) A pro rata decrease necessitated by conditions specified in I.D.2.a. above for hospitals described in this section will be calculated based on the ratio determined by dividing the hospitals' Medicaid inpatient days by the Medicaid inpatient days for all qualifying hospitals in this section, then multiplying by the amount of disproportionate share payments calculated in excess of the federal disproportionate share allotment or the state disproportionate share appropriated amount.

E. *(Reserved)*